

Bill blocking large flood insurance premium increases sent to White House

By [Bruce Alpert, NOLA.com | Times-Picayune](#) March 18, 2014

WASHINGTON -- [Legislation](#) limiting [flood insurance](#) premium increases to no more than 18 percent a year was delivered to the White House Tuesday.

All indications are that the bill, which won final congressional approval last week, will be signed into law by President [Barack Obama](#). He has 10 days to sign or veto the bill.

The White House posted the bill Tuesday afternoon on its [White House.gov](#) website, and was inviting comments, as it does for most legislation awaiting presidential action.

The bill's passage culminated a nearly two-year effort to combat large premium increase for some of the 5.5 million flood insurance policyholders resulting from a 2012 law intended to make the program solvent. One of the law's lead sponsors, Rep. Maxine Waters, D-Calif., said large, "unconscionable" increases were an unintended consequence of the Biggert-Waters law.

"Bi-partisan passage of H.R. 3370 is a milestone victory for hard-working Americans across the country," said Michael Hecht, President and CEO of Greater New Orleans, Inc. on behalf of the 32-state Coalition for Sustainable Flood Insurance. "This legislation protects homeowners who played by the rules and keeps real estate markets alive while putting the National Flood Insurance Program on a more realistic path to solvency...We urge President Obama to sign the bill into law as soon as possible."

Congress is out this week, and the president will be traveling to Europe next week -- making a public bill signing ceremony unlikely.

The Homeowner Flood Insurance Affordability Act on the way to the president limits yearly premium increases to an average of 15 percent per year for each of the nine property categories listed by FEMA, and stipulates that no individual policyholder pay an increase of more than 18 percent per year. It calls on FEMA to "strive" to reach the goal that most policyholders have a premium of no more than 1 percent of the value of their coverage -- in other words, \$2,000 for a \$200,000 policy.

The bill also reinstates the flood insurance program's grandfathering provision, meaning homes that complied with previous flood maps would not be hit with large increases when new maps show greater risk of flooding. It also ends a provision that required an immediate hike to actuarial levels when a home changes ownership -- slowing home sales in many communities designated high risk by FEMA flood maps.

It also provides refunds of premiums for people who purchased homes and after Biggert-Waters became law in July, 2012, and found that the change in ownership marked a sudden end to subsidized flood insurance premiums -- sometimes resulting in dramatic increases when policy renewals were due. And it requires the Federal Emergency Management Agency, as it completes new flood maps, to obtain input from local communities and account for non-federal levees and other flood protection. It also requires FEMA to complete study on how to keep the program affordable as it moves to make the program more solvent.

The retention of subsidized rates in the House bill is funded by a \$25 surcharge for most homeowner policyholders, and a \$250 fee for non-residential property or non-primary residence homeowners. Still, the bill retains a provision in Biggert-Waters to eventually make the program self-sufficient by moving toward actuarial rates.

Under the process for transmitting bills to the president, legislation, passed by both the House and Senate, is printed on parchment like material, and a certificate is attached to the last page - signed by the clerk of the House, the secretary of the Senate, the speaker of the House and presiding officer of the Senate.

Once the signatures are obtained, it is hand delivered to the executive clerk for the White House to await his signature or veto.

Congressional staffers said the White House signaled that the president will sign the bill into law. If he were to veto it, both Houses would need a two-thirds vote to override. The bill passed the House by a vote of 306-91 and the Senate 72-22 -- both well over the two-thirds margins needed for a veto override.

Under the legislative process, after a bill has been printed, a certificate is attached to the last page to be signed by the clerk of the House or the secretary of the Senate, the speaker of the House, and the presiding officer of the Senate. Once the congressional officers have signed the bill, it is then hand-delivered to the executive clerk of the White House for the president's OK.

Louisiana lawmakers said the bill, if signed into law, will provide important protections for Louisiana residents who faced large increase in premiums under the 2012 Biggert-Waters law.

"After nearly two years of arduous work and steadfast determination by a broad coalition of individuals, business groups and community leaders, the most pernicious provisions and draconian rate increases of Biggert-Waters have successfully been stopped and affordability has been returned as the centerpiece of the National Flood Insurance Program," said Sen. Mary Landrieu, D-La.

Said Sen. David Vitter, R-La. "This huge victory saves families in Louisiana and across the country from losing their homes."

Rep. Steve Scalise, R-Jefferson, said the bill's overwhelming margin in both the Senate and House, including support from leading conservatives, reflects that the bill, while providing protection for homeowners, is fiscally responsible and won't add to the deficit. He predicted it would have immediate positive impact on real estate markets -- some of which were stalled by the immediate transition to actuarial rates for homes that change owners.

Rep. Bill Cassidy, R-Baton Rouge, said the bill was a top priority for him and other Louisiana lawmakers, and will bring "long-term, permanent flood insurance relief to families across the nation."

And Rep. Cedric Richmond, D-New Orleans, said: "Homeowners in Louisiana and all across the country have made their voices heard. Rising premium costs have put them under undue strain, and when the President signs this bill into law they will finally see some much needed relief."

But Sen. James Inhofe, R-Okla., said the bill "abandons the much-needed reforms to the National Flood Insurance Program that were instituted in the Biggert-Waters Reform Act of 2012."

"That bill set the NFIP on a course to quickly remove Federal subsidies from the program and make it actuarially sound," Inhofe said.